

FR EN

We use cookies to make your connection secure and make statistics about the number of visits. In order to get more information about cookies and find out how to refuse them, [visit our cookie policy page](#).

[Cookies settings](#)

REQUIRED ONLY

ACCEPT
ALL

ECONOMIC AND POLITICAL OVERVIEW

ECONOMIC OVERVIEW

Nowadays, Bosnia and Herzegovina is considered an upper-middle-income country, achieving great results since 1995, the year in which the inter-ethnic conflict that destroyed much of the Bosnian economy and infrastructure, increased unemployment and decreased production, came to an end. Following a robust post-COVID-19 recovery, economic activity decelerated in the first half of 2023 due to weakening external demand and subdued private consumption amid persistently high, albeit decelerating inflation. The IMF estimated GDP growth for the entire year of 2023 at 2%. In 2024 and 2025, anticipated stronger private consumption, bolstered by lower inflation, along with strengthening external demand, are expected to facilitate a moderate acceleration in growth, reaching around 3%.

In the last few years, the general government accounts stayed nearly balanced, driven by stronger-than-expected revenue growth. However, planned investment spending faced challenges in implementation, primarily due to administrative obstacles and/or political deadlocks. This pattern is expected to persist in 2024 and 2025, although the upcoming general elections in 2024 are anticipated to introduce spending pressures, potentially resulting in a higher deficit. The IMF forecasted the budget deficit at 1.3% of GDP last year, 1.5% in 2024, and 1.1% in 2025. The debt-to-GDP ratio is relatively low (at 28.6% in 2023) and is expected to remain stable over the forecast horizon (IMF). Despite decelerating compared to the previous year, inflation remained high at 5.5% in 2023, primarily driven by rising prices for food, non-alcoholic beverages, housing, electricity, and household equipment. Throughout the forecast period, headline inflation is expected to continue declining, mainly due to the slowdown in price increases for imported commodities, particularly energy.

During the first eight months of 2023, employment was 1.3% higher than a year before, although unemployment remained high (15.3%, IMF). The primary sectors generating employment were trade and tourism. An outflow of skilled labor was also noticed, leading to labor shortages in sectors like construction. This trend might exacerbate wage pressures beyond productivity growth, potentially affecting the country's competitiveness. Short-term projections indicate continued growth in employment and further declines in unemployment, although a substantial portion of structural unemployment may constrain the extent of this decrease. The country's GDP per capita (PPP) is low, estimated at USD 20,377 in 2022 by the World Bank.

Main Indicators	2022	2023 (E)	2024 (E)	2025 (E)	2026 (E)
GDP <i>(billions USD)</i>	24.52	26.95	28.74	30.57	32.43
GDP <i>(Constant Prices, Annual % Change)</i>	4.1	2.0	3.0	3.0	3.0
GDP per Capita <i>(USD)</i>	7,060	7,778	8,317	8,874	9,438
General Government Balance <i>(in % of GDP)</i>	0.4	-1.3	-1.5	-1.1	-0.8
General Government Gross Debt <i>(in % of GDP)</i>	29.7	28.6	28.2	28.1	28.5
Inflation Rate <i>(%)</i>	n/a	5.5	3.0	2.7	2.5

Main Indicators	2022	2023 (E)	2024 (E)	2025 (E)	2026 (E)
Unemployment Rate (% of the Labour Force)	15.4	15.3	15.3	15.2	15.2
Current Account (billions USD)	-1.10	-1.16	-1.09	-1.12	-1.22
Current Account (in % of GDP)	-4.5	-4.3	-3.8	-3.7	-3.7

Source: IMF – World Economic Outlook Database , October 2021

Country Risk

See the country [risk analysis](#) provided by [La Coface](#).

MAIN SECTORS OF INDUSTRY

The agricultural sector accounts for 4.8% of the country's GDP and nearly 17% of total employment (World Bank, latest data available), with corn, wheat, barley, fruits, vegetables, livestock, and poultry being the main agricultural products. Bosnia and Herzegovina has approximately 2.2 million hectares of agricultural land (43.2% of its total land area - FAO), and most of the farms are small in size and family-owned. The country is still a net food importer. According to the latest figures from the national statistical office, Bosnia's Federation maize crop stood at 429,229 tonnes in 2023, while soybean production reached 15,816 tonnes.

The industrial sector employs 33.2% of the workforce. Bosnia and Herzegovina mainly produces raw materials such as steel, coal, iron ore, lead, zinc, and aluminum. Additionally, wood is a significant sector and export commodity. Other important production sectors are mineral and chemical products, machinery, mechanical appliances, textiles, and footwear. The overall value-added of the manufacturing sector is estimated at 14% of GDP (World Bank). Bosnia's industrial production declined by 3.8% on the year in 2023, according to figures from the national statistical office.

Lastly, the service sector contributes 54.4% of GDP and half of total employment. The most important service sector of the economy is trade, followed by business services, transport, and construction. Tourism had been growing fast in recent years, and although it was impacted by the pandemic, it showed resilience: in 2023, the total number of tourists visiting the country reached 1.7 million, reflecting a 17.3% increase compared to the previous year. Additionally, total tourist overnights rose by 13.2% to 3.6 million during the same period. As per the latest figures by the European Banking Federation, 23 commercial banks operate in the country.

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
Employment By Sector (in % of Total Employment)	11.3	34.3	54.4
Value Added (in % of GDP)	4.7	25.2	53.7
Value Added (Annual % Change)	-2.3	0.5	5.2

Source: World Bank - Latest available data.

Monetary Indicators	2016	2017	2018	2019	2020
Bosnian Mark (BAM) - Average Annual Exchange Rate For 1 USD	1.77	1.74	1.66	1.70	1.72

Source: World Bank - Latest available data.

FOREIGN TRADE

Bosnia and Herzegovina is open to foreign trade and is expanding its global partner network. Its trade-to-GDP ratio is 97% (World Bank, latest data available), but trade development is still hampered by low productivity levels, limited access to finance, and administrative barriers. Custom duties are relatively low for most products, but various non-tariff barriers are in place. Anti-dumping and countervailing duties are sometimes imposed to protect the local industry if the price of the merchandise is below the domestic market price or if it is subsidized. Bosnia and Herzegovina seeks to attract higher foreign investment through **Free Trade Zones** within the country that allow investors to invest capital in specific areas, transfer their profits, and re-transfer capital. Customs duties and tariffs are not payable on imports into these zones. Furthermore, equipment (except passenger vehicles, slots, and gambling machines) imported as part of share capital is exempt from customs duties. BiH is actively pursuing World Trade Organization membership. The country mainly imports mineral fuels (16.5%); nuclear reactors, boilers, machinery, and mechanical appliances (7.2%); electrical machinery and equipment (5.8%); plastics (5.5%); and aluminum (5.4%). Exports are led by mineral fuels (9.9%); aluminum (8.8%); furniture (7.8%); articles of iron or steel (7.4%); and electrical machinery and equipment (7.2% - data national statistical agency).

The country's main export partners in 2022 were Croatia, Germany, and Serbia, accounting for respectively 14.9%, 14.8%, and 13.1% of total export; followed by Italy (11.1%) and Austria (9.5%). Its main suppliers were Italy (12.4%), Serbia (10.7%), Germany (10.5%), Croatia (9.9%), and China (8.1% - data national statistical agency 2022). Overall, the EU is the biggest trading partner.

The country has a structural trade deficit: in 2022, the World Bank estimated the external balance on goods and services to be negative by 13.8% of GDP (from 11.8% one year earlier). In the same period, the Federation exported USD 9.6 billion worth of goods and USD 2.8 billion in services, importing USD 15.3 billion and 0.9 billion, respectively (data WTO). Figures from the national statistical office show that in 2023, Bosnia and Herzegovina witnessed its trade deficit increase to BAM 11.068 billion (equivalent to USD 6.2 billion or EUR 5.7 billion), up from BAM 10.662 billion in 2022. Exports experienced a 7.1% annual decline, reaching approximately BAM 16.7 billion in 2023, while imports decreased by 3.0% to BAM 27.8 billion.

Foreign Trade Values	2018	2019	2020	2021	2022
Imports of Goods <i>(million USD)</i>	11,630	11,159	9,873	13,029	15,377
Exports of Goods <i>(million USD)</i>	7,182	6,578	6,155	8,614	9,674
Imports of Services <i>(million USD)</i>	735	773	558	726	905
Exports of Services <i>(million USD)</i>	2,307	2,373	1,428	2,275	2,838

Source: World Trade Organisation (WTO) ; Latest available data

Foreign Trade Indicators	2018	2019	2020	2021	2022
Foreign Trade <i>(in % of GDP)</i>	98.4	94.5	82.1	96.1	107.1
Trade Balance <i>(million USD)</i>	-4,536	-4,557	-3,660	-4,326	-5,453
Trade Balance (Including Service) <i>(million USD)</i>	-2,964	-2,957	-2,706	-2,681	-3,369
Imports of Goods and Services <i>(Annual % Change)</i>	3.9	1.3	-13.4	20.5	24.0
Exports of Goods and Services <i>(Annual % Change)</i>	7.3	0.5	-15.8	24.6	23.9
Imports of Goods and Services <i>(in % of GDP)</i>	56.4	54.5	47.9	53.9	60.9
Exports of Goods and Services <i>(in % of GDP)</i>	42.0	40.0	34.2	42.2	46.2

Source: World Bank ; Latest available data

Foreign Trade Forecasts	2023	2024 (e)	2025 (e)	2026 (e)	2027 (e)
Volume of exports of goods and services (Annual % change)	7.7	5.9	6.7	5.7	4.6
Volume of imports of goods and services (Annual % change)	5.0	5.0	6.9	6.5	5.2

Source: IMF, World Economic Outlook ; Latest available data

Note: (e) Estimated Data

International Economic Cooperation

Bosnia and Herzegovina is a member of the Central European Free Trade Agreement (CEFTA) and has signed a Free Trade Agreement with Turkey. The Stabilisation and Association Agreement (SAA) between the EU and Bosnia and Herzegovina went into effect on 1 June 2015. The SAA Agreement is a commitment to further the relationship between the EU and Bosnia and Herzegovina and will complement the existing interim trade agreement. Bosnia and Herzegovina also has preferential regimes with the U.S., Australia, New Zealand, Switzerland, Norway, Russia, Japan and Canada.

Main Partner Countries

Main Customers <i>(% of Exports)</i>	2022
Croatia	14.9%
Germany	14.8%
Serbia	13.9%
Italy	11.1%
Austria	9.5%
See More Countries	35.8%

Main Suppliers <i>(% of Imports)</i>	2022
Italy	12.3%
Serbia	10.8%
Germany	10.5%
Croatia	9.9%
China	8.1%
See More Countries	48.4%

Source: Comtrade, Latest Available Data

POLITICAL OUTLINE

Current Political Leaders

Presidency of Bosnia and Herzegovina (three-member body): Chairman of the Presidency Zeljko KOMSIC (chairman since 16 July 2023; presidency member since 20 November 2018 - Croat seat); Zeljka CVIJANOVIC

(presidency member since 16 November 2022 - Serb seat); Denis BECIROVIC (presidency member since 16 November 2022 - Bosniak seat)

Next Election Dates

Presidential: October 2026

Parliamentary Assembly: 2026

Main Political Parties

Political parties are typically founded on an ethnic basis, these forces often lead to the creation of coalitions. The main parties represented in the Parliament include:

- **Party of Democratic Action (SDA)**: centre-right, Bosniak nationalism, Islamist
- **Alliance of Independent Social Democrats (SNSD)**: Serbian nationalism and social democracy
- **Croatian Democratic Union of Bosnia and Herzegovina (HDZ BiH)** and its allies: centre-right, Christian democratic
- **Social Democratic Party of Bosnia and Herzegovina (SDP)**: centre-left, influenced by Communism, but promotes social democracy
- **Serbian Democratic Party (SDS)**: centre-right, comprised of Serbian nationalists, Pro-European
- **Democratic Front (DF)**: centre-left, Pro-European, promotes social democratic ideals
- **Civic Alliance (GS)**: centre-left, in coalition with DF
- **People and Justice (NIP)**: liberal, conservative
- **Party of Democratic Progress (PDP)**: national conservatism
- **Our Party (NS)**: social-liberalism
- **People's European Union of Bosnia and Herzegovina (NES)**: centre, pro-European
- **For New Generations (ZNG)**: social liberalism, pro-European.

Executive Power

The function of the collective Head of State is performed by the **Presidency of Bosnia and Herzegovina**. The Presidency is comprised of three members: one Bosniac, one Croat and one Serb, representing the Federation of Bosnia and Herzegovina and the Republic of Srpska. Members of the Presidency, the Croat and Bosniak candidates from the Federation of Bosnia and Herzegovina and the Serb candidate from the Republika Srpska, are elected by direct elections, for a period of four years. The Chairmanship of the Presidency is rotated every eight months among the three.

The **Council of Ministers of Bosnia and Herzegovina** is responsible for various government functions such as 'harmonising the constitutional relations of the Council of Ministers with the work of the President and parliamentary assembly'. After a new structure defined by the High Representative in 2002, the Council of Ministers of Bosnia and Herzegovina has a Chairman, and two Vice-Chairmen also serving as ministers, plus other ministers. The Chairman and members of the Council of Ministers hold a four-year mandate, and each minister has a deputy. The function of the Secretary of the Ministry has also been introduced. Candidates are elected to these functions in line with the ethnic criterion to ensure that all nationalities are represented.

The Chairman of the Presidency appoints the Chairman of the Council of Ministers, who takes over the duties after the House of Representatives of the Parliamentary Assembly of Bosnia and Herzegovina confirms the appointment. The Chairman of the Council of Ministers proposes candidates for ministers, to be appointed by the House of Representatives. The ministries cover the following areas: foreign affairs, foreign trade and economic relations, civil affairs, finance and treasury, human rights and refugees, justice, communications and transport, security and defence.

Legislative Power

The **Parliamentary Assembly** is the highest legislative authority in Bosnia and Herzegovina. It is composed of the House of Representatives and the House of Peoples. All legislative decisions are made by the adoption in both

houses of the Parliamentary Assembly.

The House of Representatives has 42 members elected for four-year terms, two-thirds being elected from the Federation of Bosnia and Herzegovina and one-third from the Republika Srpska.

The House of Peoples has 15 delegates serving a four-year term, two-thirds coming from the Federation of Bosnia and Herzegovina (five Croats and five Bosniaks) and one-third from the Republika Srpska (five Serbs).

Republika Srpska's unicameral legislature is the [National Assembly](#), formed by 83 members directly elected for four-year terms.

The leading international civil agency in Bosnia and Herzegovina is the [Office of the High Representative](#), which is responsible for overseeing the implementation of the civil aspects of the Dayton Peace Agreement (1995). The High Representative - who is also the EU Special Representative - holds the ultimate authority in terms of the Peace Agreements' interpretation. The High Representative is authorised to pass laws, if considered necessary, remove officials that obstruct activities from their posts and coordinate activities with other international organisations.

COVID-19 COUNTRY RESPONSE

Travel restrictions

Regularly updated travel information for all countries with regards to Covid-19 related entry regulations, flight bans, test and vaccines requirements is available on [TravelDoc Infopage](#).

To find information about the current travel regulations, including health requirements, it is also advised to consult Travel Regulations Map provided and updated on a daily basis by [IATA](#).

Import & export restrictions

A general overview of trade restrictions which were adopted by different countries during the COVID-19 pandemic is available on the [International Trade Centre's COVID-19 Temporary Trade Measures](#) webpage.

Economic recovery plan

COVID-19#B">IMF's Policy Tracker platform.

Support plan for businesses

For an evaluation of impact of the Covid pandemic on SMEs and an inventory of country responses to foster SME resilience, refer to the OECD's [SME Covid-19 Policy Responses](#) document.

You can also consult the World Bank's [Map of SME-Support Measures in Response to COVID-19](#).